

CONCLUSIONS

7 JUN 30 1994

American

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- 1 ATIS is knowledgeable about numbering issues and experienced in sponsoring industry fora and committees;³
2. ATIS has a proven track record of consistently implementing and promoting openness and due process;⁴ and
3. The goal of transferring the NANP administration function from Bellcore by July 1, 1995 can realistically be accomplished only by confirmation of ATIS.⁵

The comments provide a fourth, and most compelling reason: the Canadian telecommunications industry likewise supports confirmation of ATIS.⁶ U S WEST has previously noted the importance to this nation's economy that this nation's numbering plan remain integrated with the rest of World Zone 1.⁷ This objective can best be accomplished by accommodating where possible the preferences of carriers in other World Zone 1 countries.

Notwithstanding the foregoing, there are a small number of commenters which oppose ATIS because of its "historically close relationship

³See, e.g., Cincinnati Bell at 2 ("Because of its experience in building consensus on various issues, CBT submits that ATIS is uniquely qualified to administer the NANP."); GTE at 7; OPASTCO at 3 ("ATIS is accustomed to building consensus."); Pacific Bell at 2-3.

⁴See, e.g., CTIA at 3 ("ATIS certainly is capable of acting impartially.").

⁵See U S WEST at 2-6.

⁶Stentor at 3. Stentor is owned by nine of Canada's largest telephone companies: AGT, BC TEL, Bell Canada, The Island Telephone Company, Manitoba Telephone System, Maritime Tel & Tel, New Brunswick Telephone Company, Newfoundland Telephone Company, and SaskTel.

⁷See U S WEST at 1-2.

[with] the LEC industry."⁸ However, none of these commenters substantiates with any facts their implication that ATIS may act impartially in the future.⁹ Equally important, none offers a viable, concrete alternative to ATIS.

In U S WEST's judgment, the absence of any meaningful opposition to ATIS only reinforces the need for the Commission to confirm promptly ATIS as the sponsor of the NANP administrator and the Numbering Oversight Committee.

II. The Record Does Not Support Any Change Regarding Interstate IntraLATA Traffic

A. This Commission Has Already Rejected the Argument that It Can Lawfully Order Changes in Routing of Intrastate Traffic

One commenter, Allnet, argues that this Commission should order "dial 1" access for "all" intraLATA calls, including intrastate toll traffic.¹⁰ In making this argument, Allnet does not even attempt to address how its position can be squared with Section 152(b) of the Communications Act, which states unequivocally:

[N]othing in this chapter shall be construed to apply or to give the [Federal Communications] Commission jurisdiction for or in connection with intrastate communication service by wire or radio of any carrier

⁸Ad Hoc Committee at 5. *See also* AirTouch at 4; MFS at 3; Telaccess at 3; and Vanguard at 10. Only one commenter even suggests that ATIS is "ill equipped to deal with contentious numbering issues." Allnet at 7.

⁹Besides, if these commenters were truly interested in the industry process and truly concerned about their apparent fear, they would, like many others in the industry, become members of ATIS (rather than lodge undocumented accusations from the outside).

¹⁰*See* Allnet at 1 and 6.

Nor does Allnet even address (much less challenge) this Commission's direct finding on this very point in this very proceeding: "Allnet's concern applies to all intraLATA toll calls, most of which are intrastate and not within our purview."¹¹

This Commission has already rejected Allnet's arguments, and Allnet has submitted nothing even suggesting that this prior determination was in error.¹²

B. It Is Not Now Technically Feasible to Provide a 2-PIC Option with Interstate, IntraLATA Traffic

Several commenters state that it is technically feasible to provide a "2-PIC" option for interstate intraLATA traffic. For example, Allnet states that the "modified 2-PIC" method it favors is "a proven method" which "can be implemented immediately."¹³ Another commenter, a switch vendor, similarly asserts that the software necessary to provide the "full 2-PIC" method it favors will soon be available for some of its switches.¹⁴

Notably, both commenters neglect to advise the Commission that the 2-PIC capabilities to which they refer would change the routing of all intraLATA traffic — including intrastate toll calls over which the Commission

¹¹Notice at 19 n.93 (emphasis added).

¹²Because Allnet has not even attempted to argue that this Commission should (much less can) preempt the states regarding the routing of so-called "dial-1" traffic, there is no reason to discuss the preemption standards at this time.

¹³Allnet at 5 and 6.

¹⁴See AT&T at 5 n.4.

has already determined it does not have jurisdiction.¹⁵ To U S WEST's knowledge, there is no 2-PIC capability on the market (or being developed) which would support any form of "dial-1" access for interstate intraLATA traffic only.¹⁶

C. There Are No Facts In the Record Supporting the Proposition that the Public Is Harmed by the Current Arrangement

Those commenters supporting introduction of some form of "2-PIC" all make the same argument: consumers currently pay rates that are "substantially higher" than if their interstate intraLATA traffic were instead carried by an interexchange carrier.¹⁷ These commenters share another similarity: none of them supports their claim with even a scrap of evidence.

There are only two facts in the record concerning the rates the public pays for interstate intraLATA toll calls. Both sets of facts not only rebut the

¹⁵See, e.g., Sprint at 15 ("Thus, if the FCC required interstate intraLATA presubscription, LECs would be forced to offer intrastate intraLATA presubscription at the same time, even if IXCs do not have intrastate intraLATA authority.").

¹⁶One commenter appears to argue that the Commission should therefore replace the current toll carrier with a customer's presubscribed interexchange carrier. See CompTel at 4. This proposal, opposed by other interexchange carriers (see, e.g., Allnet at 6) cannot be undertaken without completing the de-certification procedures set forth in Section 214 of the Communications Act.

¹⁷See Ad Hoc Committee at 13 (LECs currently "artificially inflat[e] the rates charged for such service to end users."); CompTel at 3; MCI at 18 (LECs currently "overcharge[] for close-in interstate calls"); MFS at 6; TRA at 4 (current LEC rates "are inflated, often to a significant degree"); VarTec at 8-9. AT&T, perhaps acknowledging that IXC interstate toll rates are generally higher than U S WEST's interstate toll rates, states only that implementation of 2-PIC "should result in lower prices." AT&T at 4-5 (emphasis added).

It is unnecessary to respond to the additional argument made by some that the current practice harms consumers by "defeating customer expectation as to which carrier will be carrying the call" (AT&T at 2), given that the current practice has been in effect for over a decade.

claim that the public is harmed by the current arrangement but demonstrate that the public would pay more if the current arrangement were changed:

1. Bell Atlantic has demonstrated that, for all time periods and all mileage bands, its interstate toll rates are cheaper than those charged by the most popular interexchange carrier among consumers.¹⁸
2. U S WEST demonstrated that, for the most prevalent interstate intraLATA calls, U S WEST's service is cheaper, and at times substantially cheaper (savings up to 64%) than the services provided by the three most popular interexchange carriers among consumers. — even ignoring U S WEST's optional, discounted calling plans.¹⁹

There is, then, no reason even to contemplate any change in the current routing arrangements for the "relatively small proportion of toll calling which is both interstate and intraLATA in nature."²⁰ If anything, the facts in the record suggest that this Commission should make a public interest finding that consumers would benefit by allowing the Bell companies to provide more interstate traffic — that is, interstate interLATA traffic.

¹⁸See Bell Atlantic at 12.

¹⁹See U S WEST at 20-23.

²⁰Notice at 19 n.93 (emphasis omitted).

D. Even If There Were Demonstrated Benefits, a Change Cannot Be Justified by the Implementation Costs

There is no evidence in the record that the public would realize a savings in their interstate intraLATA toll services if some form of "2-PIC" routing were available. However, even if the Commission were to assume that the public would realize such a savings, that benefit must be weighed against the cost of implementing a "2-PIC" capability.

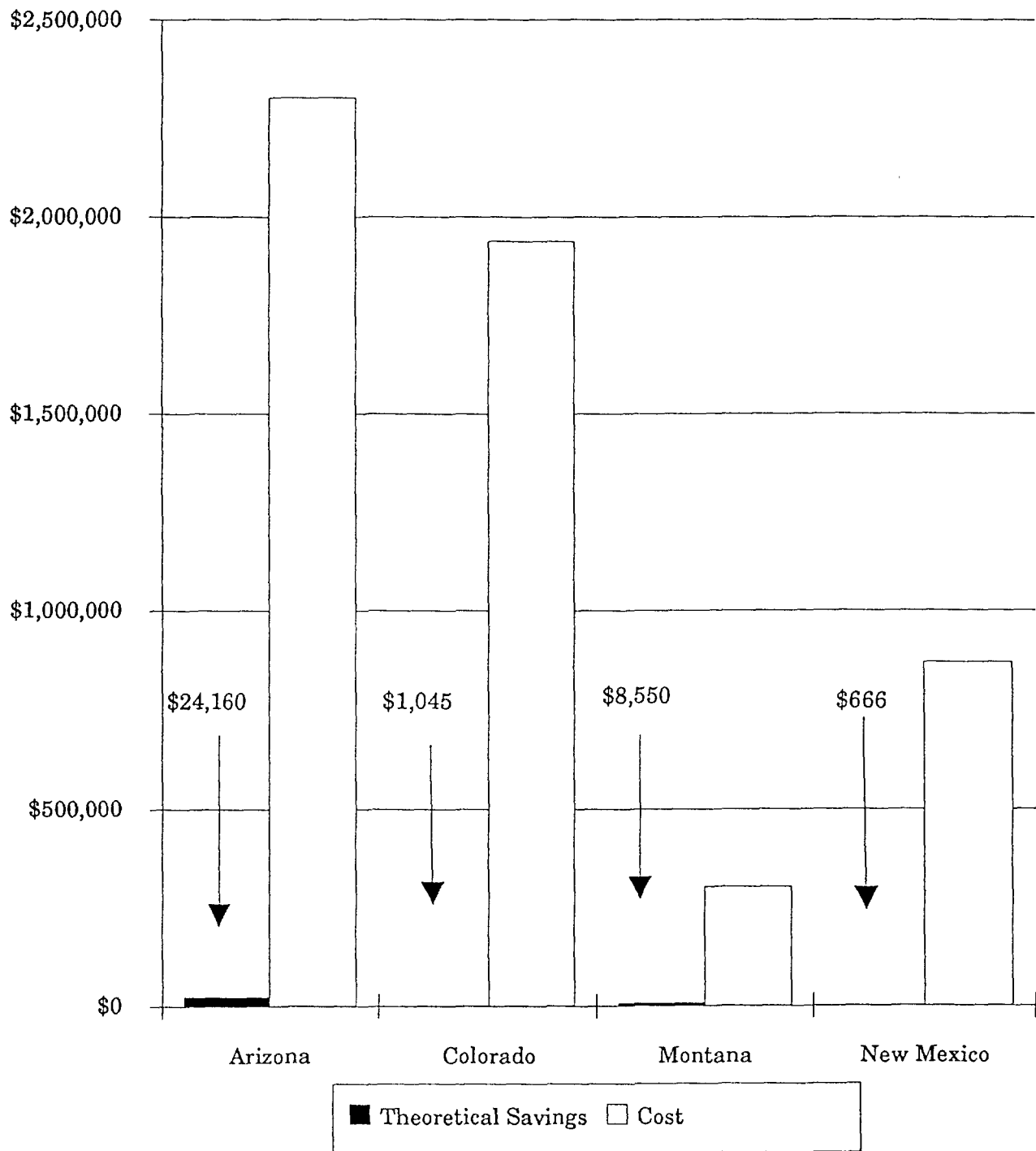
It is difficult to access the cost of implementing a "2-PIC" capability for interstate intraLATA traffic because, as noted, the software to provide this capability does not now exist. However, it is reasonable to assume that the cost will be at least as much as that necessary to deploy the software supporting "dial-1" access for all intraLATA toll calls, including intrastate traffic.²¹

In the chart on the next page, U S WEST compares the theoretical benefits and costs of dial-1 access for interstate intraLATA traffic in four of its states: two of its most populous states, one of its mid-sized states, and one of its smaller states. For purposes of this comparison U S WEST has assumed that the public would enjoy a savings of 10% over its current rates if a "2-PIC" capability were introduced (an unreasonable assumption given the contrary facts in the record). The software implementation costs are those to provide dial-1 access for all intraLATA traffic (and thus likely understate the actual cost to provide dial-1 access for interstate intraLATA traffic only).²²

²¹The software to provide dial-1 access for interstate intraLATA traffic only will likely be more complex (and, therefore, more costly) than the software to provide the same capability for all intraLATA traffic because the former would require an additional step: separating interstate intraLATA traffic from intrastate intraLATA traffic.

²²Three additional observations concerning these costs bear noting. First, the costs noted are only the costs to acquire and install the 2-PIC feature; the costs do not include the cost of acquiring the end office generics necessary to support the 2-PIC feature. Second, the costs do

Comparison of Savings and Costs for Dial-1 Interstate IntraLATA Access



This chart graphically demonstrates that, even if consumers might benefit by the introduction of a "2-PIC" capability (and the record is barren of any facts in this regard), those benefits are outweighed by the costs of implementing the capability.²³

III. Conclusion

For the foregoing reasons, the Commission should confirm ATIS as the sponsor of the NANP administrator and the Numbering Oversight Committee. It should also decline at this time to make any changes in the routing of interstate intraLATA traffic. There is no evidence that the public is harmed by the current arrangement; besides, the costs to implement a 2-PIC method are large even if some benefit had been demonstrated.

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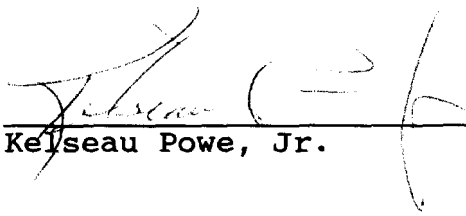
June 30, 1994

not include the extra costs that will be incurred to distinguish interstate traffic from intra-state traffic. Finally, for purposes of this comparison, U S WEST has assumed that the 2-PIC software would be installed with another end office software addition and that, as a result, no additional job start-up costs and engineering fees would be incurred.

²³Moreover, the Commission should take note of the point recognized by many other parties that the Bell companies could not compete meaningfully and effectively in the interstate intraLATA market because of restrictions imposed on them but not others (*i.e.*, the ability of interexchange carriers to provide interLATA service). There is no need to repeat this point here.

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 30th day of June, 1994, I have caused a copy of the foregoing **U S WEST REPLY** to be served via first-class United States Mail, postage prepaid, upon the persons listed on the attached service list.



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